

GSE Customer Council Meeting

April 16, 2004

Members Present:

John Bradford, Chairperson; John Baldwin, Vice Chairperson; Marcia Spangler, DPH; Mary Lawyer, IDED; Greg Anliker, Elder Affairs; Charlie Smithson, Ethics; Ruth White, Human Rights; Peggy Sullivan, Judicial; Bob Straker, AFSCME; Roger Johnson, Cultural Affairs.

Members Not Present:

Capt. Bob Alles, DPS; Jennifer St. John, DNR.

Representatives of Agencies Present:

Steve Morris, IWD; Terry Graham, ODCP; Dale Woolery, ODCP; Cindy Morton, Revenue; Lori Smith, IPTV; David Werning, DIA; Brenda Loy, ILOT; Ralph Rosenberg, ICRC; Steve Maslikowski, DOM; Joan Moll, DHR.

Others Present:

Mollie Anderson, DAS; Patrick Deluhery, GSE; Debbie O'Leary, GSE; Dale Schroeder, GSE/Fleet & Mail & Printing; Tim Ryburn, GSE/CCM; Dean Ibsen, GSE/D&C; Tera Harrington, GSE; Nancy Williams, GSE; Mark Willemssen, Legislature; Marianne Mickelson, DAS/ITE; Lise Melton, GSE/Printing; Denise Sturm, DAS/Finance.

Call to Order:

Chairperson John Bradford called the meeting to order at 7:30 a.m.

Opening Comments:

No opening comments.

Approval of Minutes of March 12, 2004 Meeting:

Roger Johnson moved to approve the minutes as written. Bob Straker seconded the motion. Motion passed.

Remarks from Mollie Anderson:

Mollie Anderson thanked everyone for all the hard work that it takes to set the rates. Mollie advised this is a new enterprise, there is no textbook to tell us all of the things we are required to do in this new entrepreneur organization and the Customer Councils have really stepped up to the plate. One of the things that the Customer Council has done is to take the time to listen and to learn about our organization. The customers who you represent are also very appreciative of your willingness to listen to their concerns and questions. You are a part of a very unique initiative, this is the first time that this has been launched in an organization of this size across the country, people are anxious to know, how do these Customer Councils work and how do you represent the small, medium and large agencies.

DAS Update

- The bill creating DAS was passed on the last day of the session last year.
- We took 3 and one-half departments, with distinctly different cultures and different products and services, and created a team.
- We have put some strategic plans in place – we are looking at how this organization operates in the future. Business plans is one of the unique concepts, each of the enterprises will have business plans. There will be a strategic performance plan for the agency.

- One of the controversial things we did early on was to separate our products and services into utilities, marketplace and leadership categories. We will revisit this from year to year and the Customer Council will have input into the process. The governor and I, in terms of the statutes, have the final authority to determine what is marketplace, utilities and leadership and we have to report to the Legislature what is the result of that decision.
- Customer Councils have been formed, there are three Customer Councils, each have their own unique way of doing their business; but there are also a lot of similarities between the Customer Councils. The Council chairmen meet on a quarterly basis to try to figure out if we can create a master calendar of activities for customer councils being done at the same time, so that we can get better synergy from the core office, as well as the staff.
- A new billing system has been implemented, we are in the process of a billing re-design, we are going to full accrual accounting – that is a huge change.
- Denise Sturm is scheduling meetings with 64 different financial officers related to the specific information about the distribution of dollars and the rates that will be charged for '05. You should be receiving a contact from Denise scheduling that with the financial officer to walk through every single piece of the formula and how it was calculated for your agency.
- We have been trying to sharpen the focus on customers – to remind our staff and to build the culture of the organization that the customers are really in control – control of the dollars that we receive in the future, in control of making decisions about the services that they receive and somewhat in control of how those services are packaged.
- We are working to educate our employees about this new environment and that means everything from reading a monthly financial statement to getting used to accrual accounting, learning more about marketing, business plans, etc.

Role of the Customer Councils

- The idea is that there would be a core office that sets standards and rules – the DAS office – setting goals and rules based upon what the Legislative body and the Governor would really like to see in.
- There is a core office that has shared services, things that we don't think need to be in the enterprise, but they would purchase it as a cost of doing business, but they wouldn't necessarily have to have in the enterprise, i.e. Legal work, Legislative support, PIO, Accounting, writing the rules, records management, emergency management, etc.
- The enterprises were to focus on “rowing”. Meaning, they were to focus on delivering services to the customer. The Customer Council's role is about being the “steering mechanism” of utilities. Your job is to really focus on the management of the utilities that you are given to work with. In terms of the budgeting responsibilities, it's all related to the utilities that you manage.
- Customer Council members are to represent the customer's view – you can't ever forget that each year there will be some kind of election to fill a vacant position. That means you have a job of representing their interests – checking in with them on a regular basis. One of the things we talked about in the “core” was establishing a newsletter for Customer Councils as a way of making certain that you keep the customers who are not at this table, aware of your decisions.
- Once the rates are set, Customer Councils have to be somewhat of enforcement. If we have an entity that does not pay, we will be asking you to help us to make certain, because the rates are set on everybody being able to pay.
- Customer Council has the responsibility of reviewing the Business Plans.

- Customer Council has a role in resolving complaints – you are to actually approve the complaint procedure. One of the things that we will need to do is to make certain each year that we have reviewed that complaint resolution process.
- Customer Council sets the rates. This means there has to be a formal action by this body to approve the rates before they are published.
- Customer Council needs at least, on an annual basis, to be engaged in reviewing whether you think the list of utilities is the correct list of utilities.
- The Customer Council has the right to determine the packages, the level of service that agencies would be able to select from.

Final Rates:

- We have passed the 45-day review process. As far as we are concerned, the rates for '05 are set and are final unless something would dramatically change in the Legislative session.

Budget News:

- We believe that we will have adequate money to distribute to the agencies and the rates that have been set for each of the DAS Enterprises – you will receive adequate money to cover the full rate that you will be charged.
- We believe there will be a \$10.8 million dollar amount that will be distributed, this will be adequate to cover all of the rates that are in place.
- The meetings Denise will be holding with the 64 financial officers will be happening in April and May. Those meetings will be the detail of working through each of the formulas and how it works for your agency.

Salary Adjustment money for DAS

- We know the agencies did not get salary adjustment money. That has created a hardship for each of our customers.
- In the current environment, we did include salary adjustment – we estimated the full cost of salaries. We are charging the rate based upon the cost associated with the services we are delivering.
- Each year, when we go about setting rates, we will describe what the cost is and what the probable rate will be. Each year, the Customer Council will decide the level of service that will be provided. If you don't want to pay as much, you will decrease the level of service or the package in such a way that at the tail end, you will really be controlling how many staff we can afford to have or not. The rate will either cover the full expense of the service that we are providing or, if it doesn't, we'll have to figure out if there is some way to adjust our budget to live within the confines that you set.

Setting of '06 Rates

- We are beginning the process right now internally, of setting the budget for the cost associated with the core. That, will then be reflected in the beginning process in setting the '06 rates.
- We felt we needed to have the “dust settle” on the budget and know we are finished and be able to interpret everything that the Legislative body did and make certain that we know what the Governor signed and didn't sign – then, we will begin in earnest, to gather all the facts and come back with you to begin setting the '06 rates.
- We are aware that some agencies have boards they have to deal with, but we want to make sure you have good and accurate information before setting rates.

Questions & Comments:

- *Mary Lawyer* – this group is responsible for setting the rates and determining the level of service, then DAS is responsible to figure out how it happens – is that correct?
Mollie Anderson – We have to tell you what the costs are associated with the service level requested. It is sort of a negotiation. Your role is really diving into the detail of the budget and really thinking about what you afford. We are in partnership. We are always concerned about people not always getting the connection between the public employee and the services offered.
- *Roger Johnson* – we talked about after the rates are set, somehow it is the council's job to enforce the rate – what is our authority?
Mollie Anderson – I would describe it like a co-op, you are really the customers, even though they are not all at the table – you are their representative and once you set rates and base those rates upon costs and estimates of service, it is going to create real problems down the road. When a customer decides not to pay, it increases the costs for other people. You don't have any police authority – it is a matter of helping us explain to these agencies, through writing them or whatever, that we have this situation, we have communicated with you early on, they can't mid-stream, change the plan. The Governor is the ultimate authority over those agencies and we would expect that we would communicate with the Governor and the Governor would help us enforce that issue.
- *Roger Johnson* – you mentioned in terms of setting rates – you mentioned the Council has some role in determining what should or shouldn't be a utility. What is the timing on this?
Mollie Anderson – in hindsight, the decision of what is a utility, marketplace and leadership is a lot more important than we ever gave it credit. Now that the money is distributed to agencies based upon what we described as being utilities, we would have to go back to the Legislature – if you change something from a utility and leadership, we would have to convince them to make something a leadership and appropriate general fund money for an item. I don't expect that will happen very easily. At the same time, we have to remind them that this is an experiment, there might be some unique and very compelling case where we can say – it shouldn't be paid for as a utility. We'd have to back that up way before the Legislative process. Your role is, to give input, not to make the decision. The decision at the current time is by statute.
Roger Johnson – whatever is set now, will probably be that way for two years – it would take almost two years to change the cycle?
Mollie Anderson – I think that is a fair description.
- *Greg Anliker* – When and how are the \$'s to cover these fees transferred?
Denise Sturm – what we do have in the bill is two appropriations – one for the leadership and one for the distribution account. The amount in the distribution is \$10.8 million dollars. For each agency, we are calculating the portion of that \$10.8 million that will be their distribution. After we calculate what those costs are, we are subtracting those resources previously used by you to pay some of those fees (Example – Merit billing – if you were non-general fund – you paid a Merit bill - this will go away). You have already, in effect, been paying these fees, just indirectly. We will subtract resources you currently use to pay fees that are going away. The net amount will be the distribution amount that we will transfer back to your agency. It will be a one-time transfer – probably toward the end of July. It will be an inter-agency transfer, it won't be an appropriation to you – it will be an appropriation to us and we will do the inter-agency transfer. We have been talking with DOM and received positive feed-back that after it is transferred to you and we give that information to DOM it will become part of your base budget. This is a one-time transfer back; we will not get this distribution amount every year.

- *Marcia Spangler* – heating expenses – in the past, when heating costs went up, General Services went across the street and pleaded the case for all state agencies. Now, every one of us is going to have to go across the street and plead the case?
- *Mollie Anderson* – We are in this together, it would be silly for us to ignore that there is something that affects all of our customers and not to be very vocal and to take a role in arguing those points. One of the things we have to do is to focus on is being able to describe trends and being able to give early warnings to DOM, just as we have done in the past.
- *Denise Sturm* – the utilities haven't been distributed as part of any fee yet – heating, water and lights – they are not part of the rate that you set. It would be something you would discuss for fiscal year '06. It was not in association fees. There is no way of metering what your individual usage would be.

Rate Package – Update:

Pat Deluhery advised we are working on the FY '06 figures – we can't do anything until the Legislature adjourns and we see what happens with FY'05.

Printing – Update:

Pat Deluhery advised:

- GSE has streamlined printing
- It is a marketplace activity – it is not “out of the woods” financially
- GSE has made the printing operation into more of a “copy center” operation around the complex.
- Working on a new set of rates which are simplified
- Moved the “offset press” to IPI at Mitchellville
- We will send some things to IPI, we will continue to send some things to the private sector and we will be operating much more of a copy center.
- This is showing promising signs of success
- Printing will continue to coordinate where printing is done – Printing is the “point of contact” for incoming jobs.
- Communication with the departments is very important.

Financial Statements (Purchasing & CCM):

Debbie O'Leary – accounting has advised the March financials will not be available until next week – we will send them to you as soon as they are available. The financials will be in the format requested by the council.

Business Plans:

Purchasing – Q & A's:

Debbie O'Leary advised purchasing Business Plan was distributed and discussed at the March 12, 2004 meeting. Today we are looking for questions and comments.

John Bradford noted it was very thorough – excellent first shot. Updating the Business Plan – no time frame built in for scheduled updating – it's an ongoing project. John Bradford stated in private business he sees it getting updated with the annual strategic plan. Debbie stated that once GSE starts getting some statistics from the I/3 system about spending, then we can really look at areas where other agencies are spending money and try to do some more cooperative purchasing.

CCM

Tim Ryburn distributed the CCM Business Plan and discussed it at length. The CCM Business Plan will be on the agenda at the next meeting for any questions or concerns.

How Charter Agencies Could Impact GSE (Opting Out?)

Due to lack of time – item deferred to next meeting.

Association Fees (Length of Leases)

Due to lack of time – item deferred to next meeting.

Member Terms – Expiration 6/30/04

Due to lack of time – item deferred to next meeting

Invited Customers – open discussion on “How is the GSE Customer Council doing”?

John Bradford thanked everyone for coming stating that we really do want to know how we are doing.

Dale Woolery, ODCP – wanted to know when the rates would be out.

Ralph Rosenberg, ICRC – Discussed grants.

Lori Smith, IPTV - unhappy with changing purchasing procedures from a flat percentage – problem with allocation of matching funds/grant funds. What used to be very straight-forward in state government has now become maize. Concerned with indirect/direct cost, purchasing fee, grants. Per transaction basis – not an easy process. Questioned efficiencies.

Cindy Morton – When in position to set '06 budget? Distribution, when? #'s soon – actual distribution later.

John Baldwin – have to set '06 early – will argue for early rate setting.

Others came to the meeting to discuss rates and concerns about federal grants.

Mollie Anderson advised - this is an experiment – the reason the governor wanted to pursue this is to increase accountability, be customer driven, customer focused.

You have to have some confidence that the people that sit at the customer councils are representing your interests. These people argue and demand and ask questions on your behalf about are our costs, what are our capacity, how much are the individual agencies going to get charged, they have looked at various packaging mythologies, they have looked at various different methods of determining the rates.

Are rates final? In our opinion, for this year, we have got through a rate setting process which we think has been very deliberate, we've asked for comments for 45 days – the rates have been set, the legislative body has been notified these are the rates that are going to be charged and the money is going to be distributed.

The bottom line from the Legislature is you have to have accountability; you have to keep the customers in control of the decisions. Before, when you weren't charged rent, you had no incentive to make certain that you are using the space wisely. Now that it is in your budget, you are very careful about how much space you have.

We are glad you are here today. We try to communicate with you by sending out the rate package – we didn't receive that many comments back.

Open Discussion

Marcia Spangler would like to see the comments that were received regarding the rates at the next meeting. Mollie advised she would provide this information.

Adjournment:

Adjourned at 9:30 a.m.

Respectfully submitted,

Nancy Williams, Secretary